Financial Results
Quarter 3 of Fiscal Year 2015

UNITED STATES POSTAL SERVICE ®

- **Liabilities exceed assets by approximately $48 billion**
- **The USPS has only 34 cents of assets to cover each dollar of its liabilities.**

ASSETS		LIABILITIES	
Unrestricted Cash	$ 7.1B	Retiree Health Benefits	$26.7B
Buildings & Equipment, net of depreciation	$15.9B	Workers' Compensation	$17.9B
Other Assets	$ 1.7B	Debt	$15.0B
		Accrued Compensation, benefits, and leave	$ 4.5B
		Deferred Revenue	$ 3.2B
		Other	$ 5.5B
Total Assets	**$24.7B**	**Total Liabilities** [1]	**$72.8B**

[1] Under multi-employer accounting rules, there are approximately $42B in obligations not shown on the balance sheet.

➢ Significant profits over years and legislation are needed to recover.

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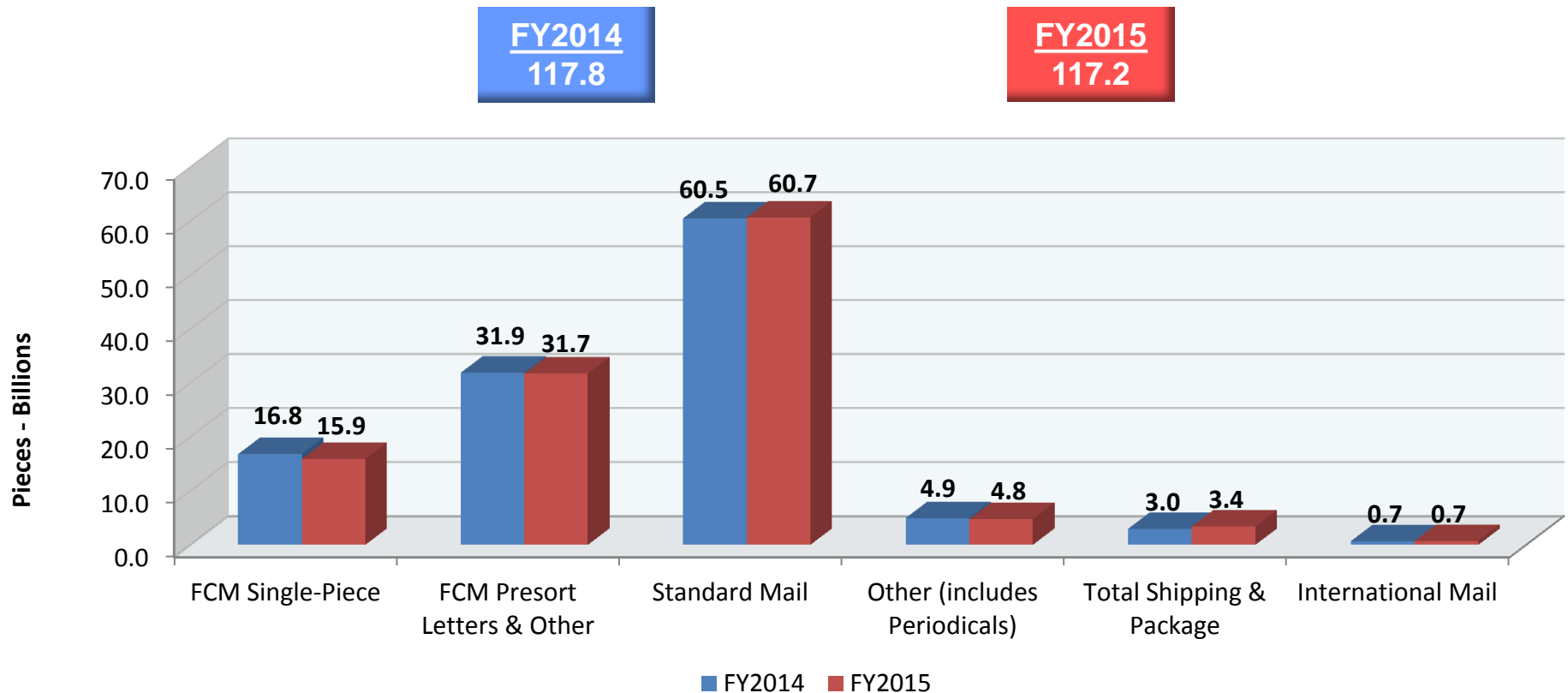| Quarter 3 (3 Months) (Billions)	FY 2015	FY 2014
Revenue [1]	$16.6	$16.5
Expenses [1,2]	16.8	16.5
Controllable Income (Loss) [1,2]	(0.2)	-
Retiree Health Benefits Pre-Funding	(1.4)	(1.4)
Workers' Comp. Fair Value Adj.	0.9	(0.4)
Workers' Comp. Other Non-Cash Adj.	0.1	(0.2)
Net Income (Loss) [1]	($0.6)	($2.0)
Volume (pieces)	36.8	37.5

1 - Retail revenue days and delivery days were even compared to SPLY.

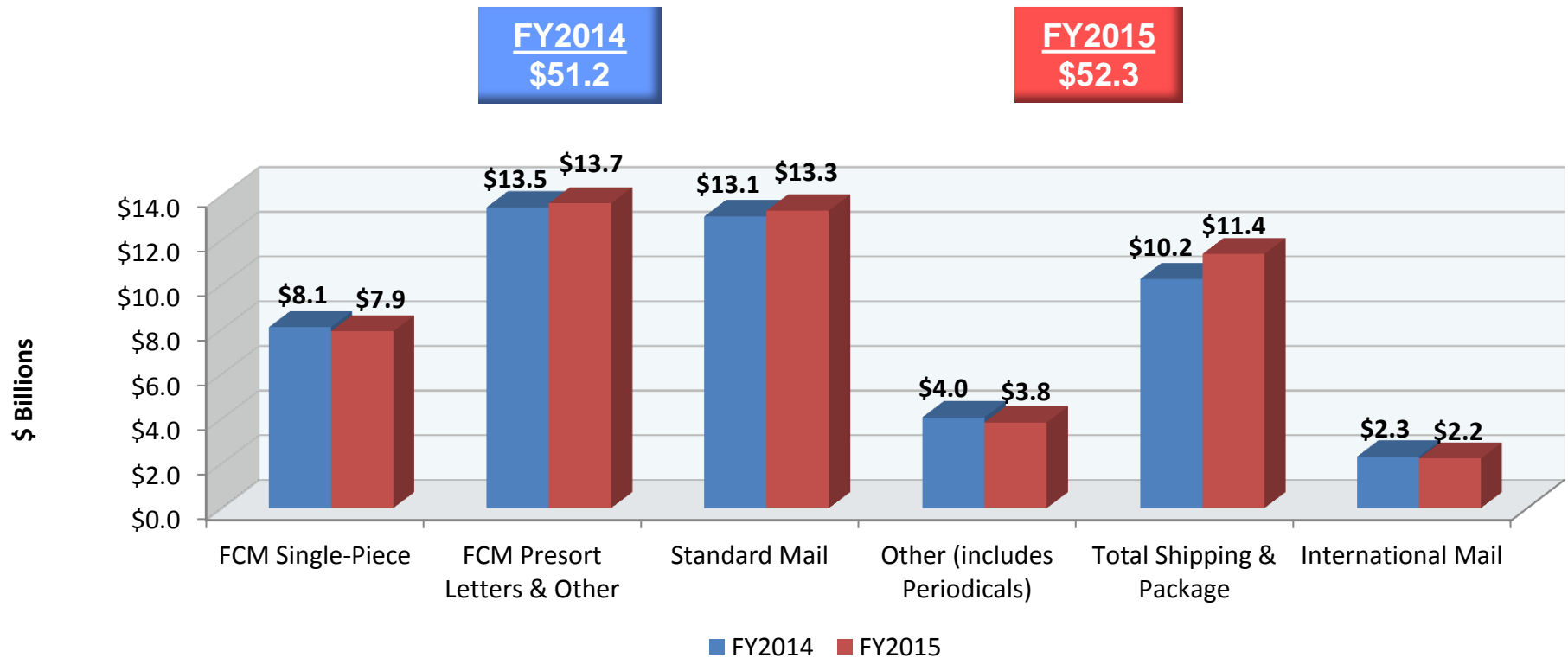2 - Before RHB pre-funding and non-cash adjustments to workers' compensation liabilities.

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June YTD (9 Months) (Billions)	FY 2015	FY 2014
Revenue [1]	$52.3	$51.2
Expenses [1,2]	51.1	50.2
Controllable Income (Loss) [1,2]	1.2	1.0
Retiree Health Benefits Pre-Funding	(4.3)	(4.3)
Workers' Comp. Fair Value Adj.	(0.2)	(0.4)
Workers' Comp. Other Non-Cash Adj.	0.5	(0.5)
Net Income (Loss) [1]	($2.8)	($4.2)
Liquidity Days (of oper. cash)	26	19
Volume (Pieces)	117	118

1 - Retail revenue days and delivery days were even compared to SPLY.

2 - Before RHB pre-funding and non-cash adjustments to workers' compensation liabilities.

FY2014
117.8

FY2015
117.2

Chart — Pieces - Billions (FY2014 vs FY2015):

Category	FY2014	FY2015
FCM Single-Piece	16.8	15.9
FCM Presort Letters & Other	31.9	31.7
Standard Mail	60.5	60.7
Other (includes Periodicals)	4.9	4.8
Total Shipping & Package	3.0	3.4
International Mail	0.7	0.7

➢ **June YTD FY2015 has the same number of weekdays, Saturdays, & Sundays as compared to YTD FY2014**

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FY2014
$51.2

FY2015
$52.3

Category	FY2014	FY2015
FCM Single-Piece	$8.1	$7.9
FCM Presort Letters & Other	$13.5	$13.7
Standard Mail	$13.1	$13.3
Other (includes Periodicals)	$4.0	$3.8
Total Shipping & Package	$10.2	$11.4
International Mail	$2.3	$2.2

$ Billions

■ FY2014   ■ FY2015

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Controllable Expenses

June YTD (9 Months) (Billions)	FY 2015	FY 2014
Compensation & Benefits[1,2]	$39.1	$37.9
Transportation	5.0	5.0
Depreciation	1.3	1.4
Supplies & Services	2.0	1.9
Rent, Utilities & Other	3.7	4.0
Controllable Expenses[1,2]	$51.1	$50.2
Workhours (Millions)	849	834

1 - Delivery days were even compared to SPLY. [1]

2 - Excludes RHB pre-funding and non-cash adjustments to workers' compensation liabilities.

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Fall Mailing Season

Pacific Area Focus Meeting
10/8/15

- New in 2015
- Service Performance
- Labor Day Weekend Takeaways
- MTE Status
- Key 2015 Elections
- Moving Forward: Fall Mailing to Peak Season
- Communications with Mailing Industry
- USPS Commitment

FALL MAILING SEASON 2015

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New in 2015

- **124 automated package and bundle sorters expanded since last Fall Mailing Season**
  - **5,488 additional separations added (avg of 44 per machine)**

- **21 Small Package/Bundle Sorter Systems by Peak**

- **75,000 cubic feet of additional air capacity per day**

- **Expanded access to the network**
  - **FAST appointments extended**
  - **Activated 187 Hubs**

- **Lean Mail Processing implemented in every plant**

- **New data analysis tools and reports (SPD)**

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New in 2015

- **Mobile Delivery Device deployment complete Sept. 2015**

- **DSS enhancements**

- **Indoor Parcel lockers – Complete deployment of ~1,300 units by 10/15 with installation in lobbies by 11/1**

- **Lean Delivery – Phase I implemented in every unit**

- **Leverage Local Operations Centers**

Service
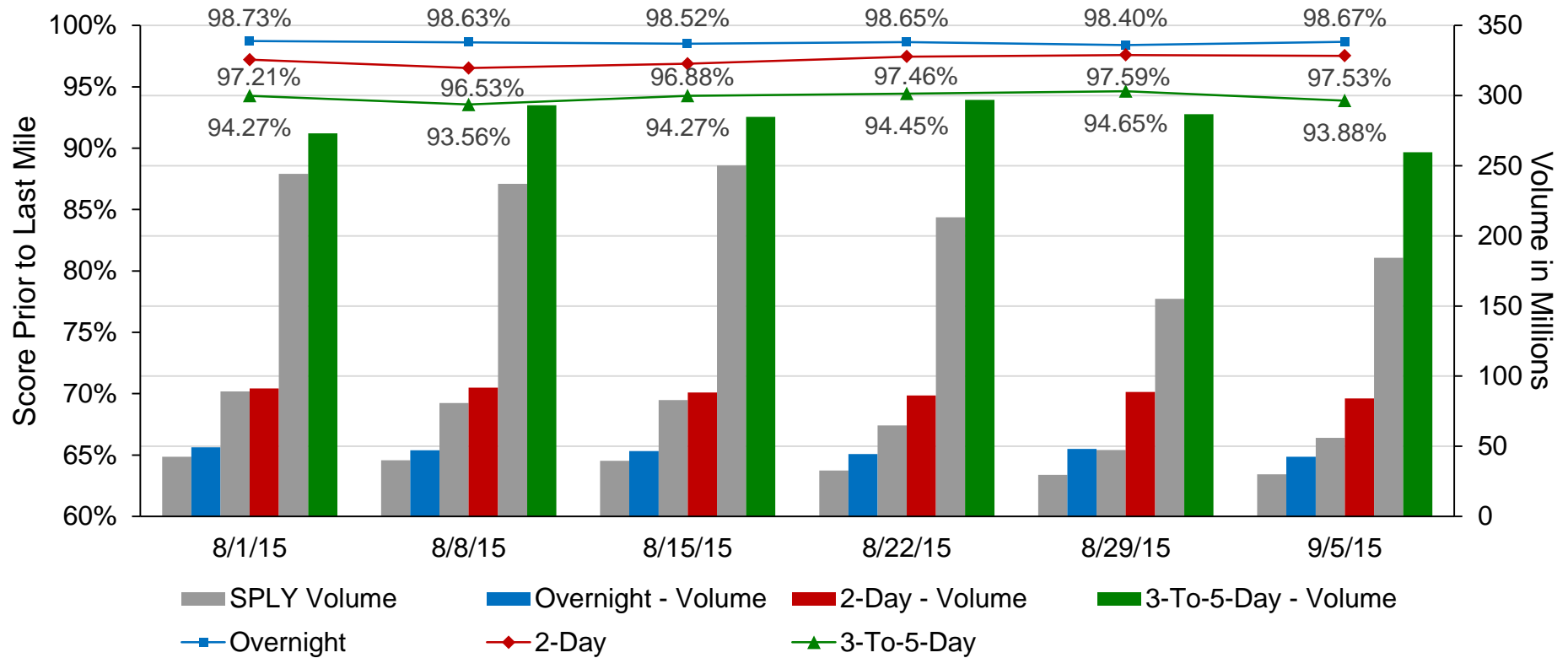
Q4 TD	Total Pieces Measured	SPLY Pieces Measured	Volume Change
Overnight	472,380,605	400,891,912	17.80%
2-Day	921,513,193	799,721,930	15.20%
3-to-5-Day	2,974,291,425	2,433,329,392	22.20%
Total	4,368,185,223	3,633,943,234	20.20%

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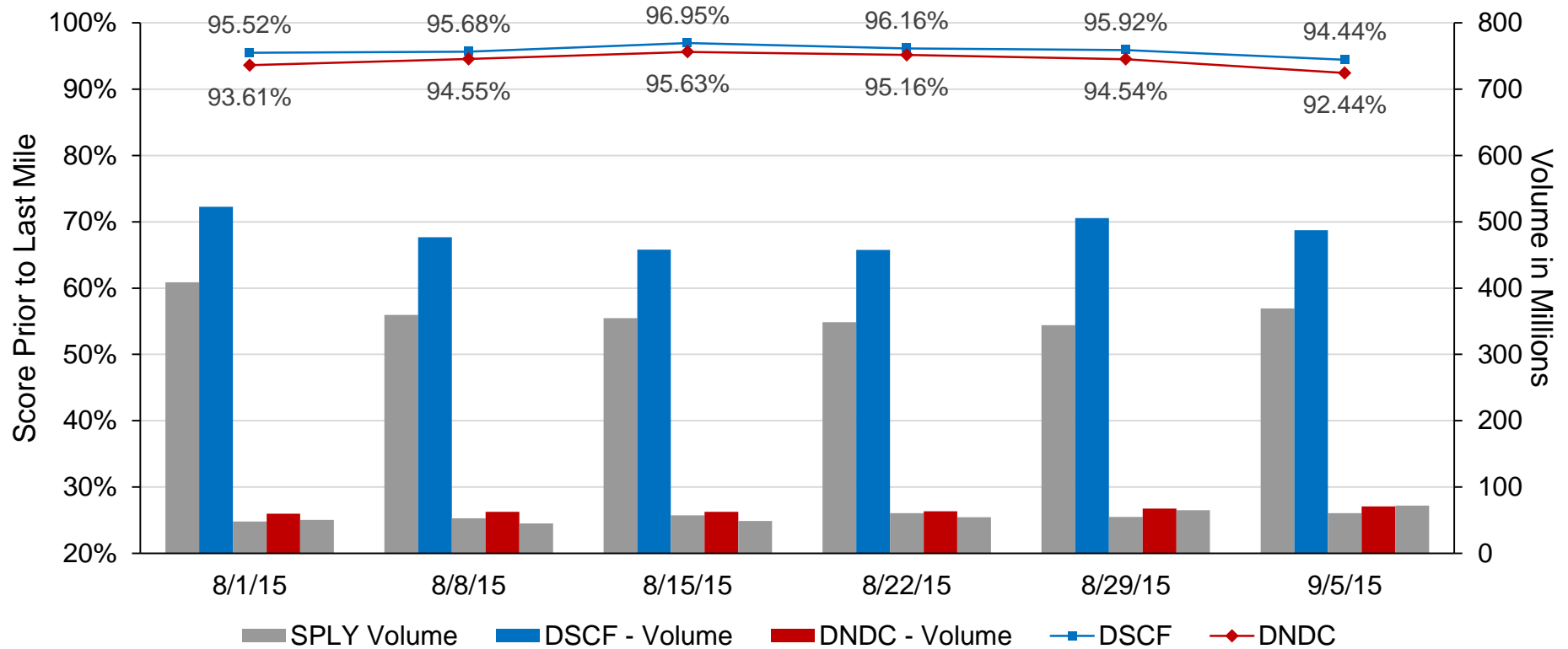
Q4 TD	Total Pieces Measured	SPLY Pieces Measured	Volume Change
SCF Letters	5,069,929,928	3,825,295,548	32.50%
NDC Letters	663,744,392	565,732,861	17.30%
Total	6,318,849,000	4,900,378,871	28.90%
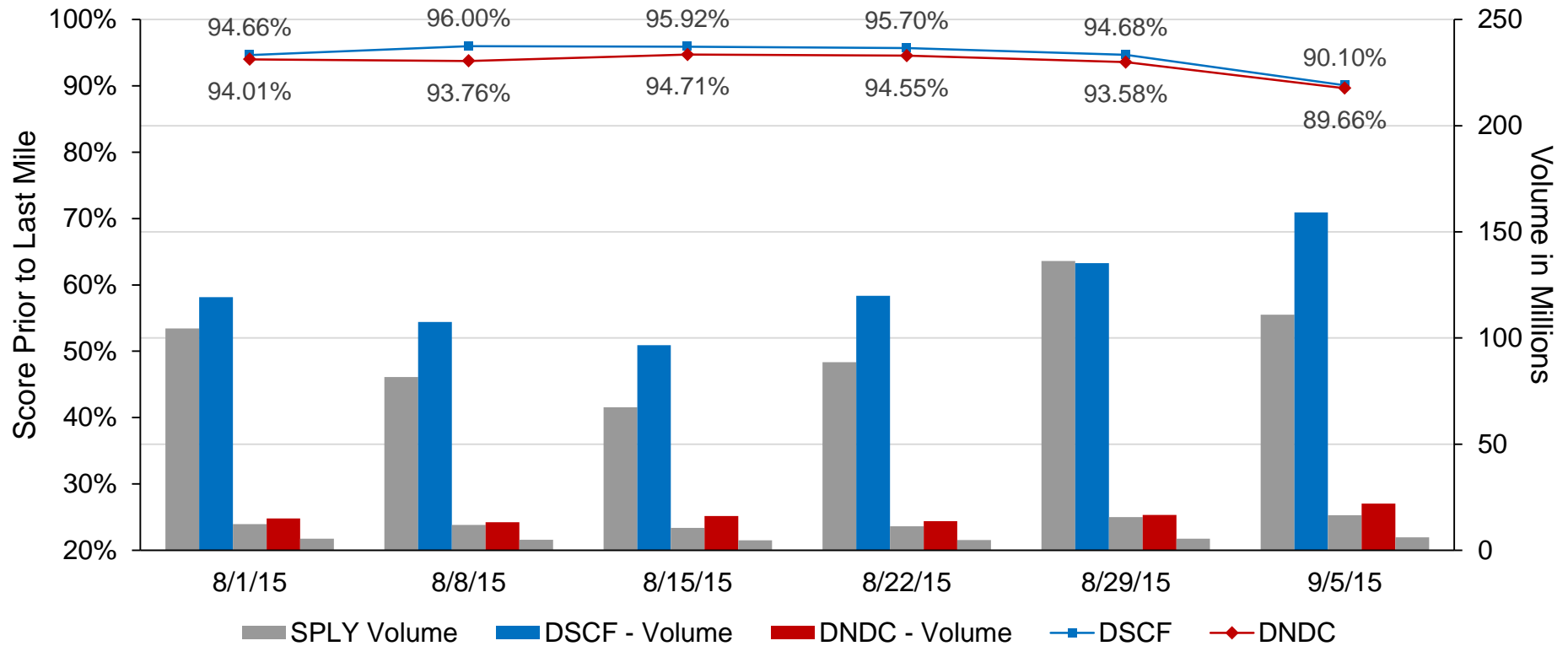
Q4 TD	Total Pieces Measured	SPLY Pieces Measured	Volume Change
SCF Flats	1,193,100,692	945,639,014	26.20%
NDC Flats	167,809,999	126,427,934	32.70%
Total	1,436,497,218	1,123,088,700	27.90%

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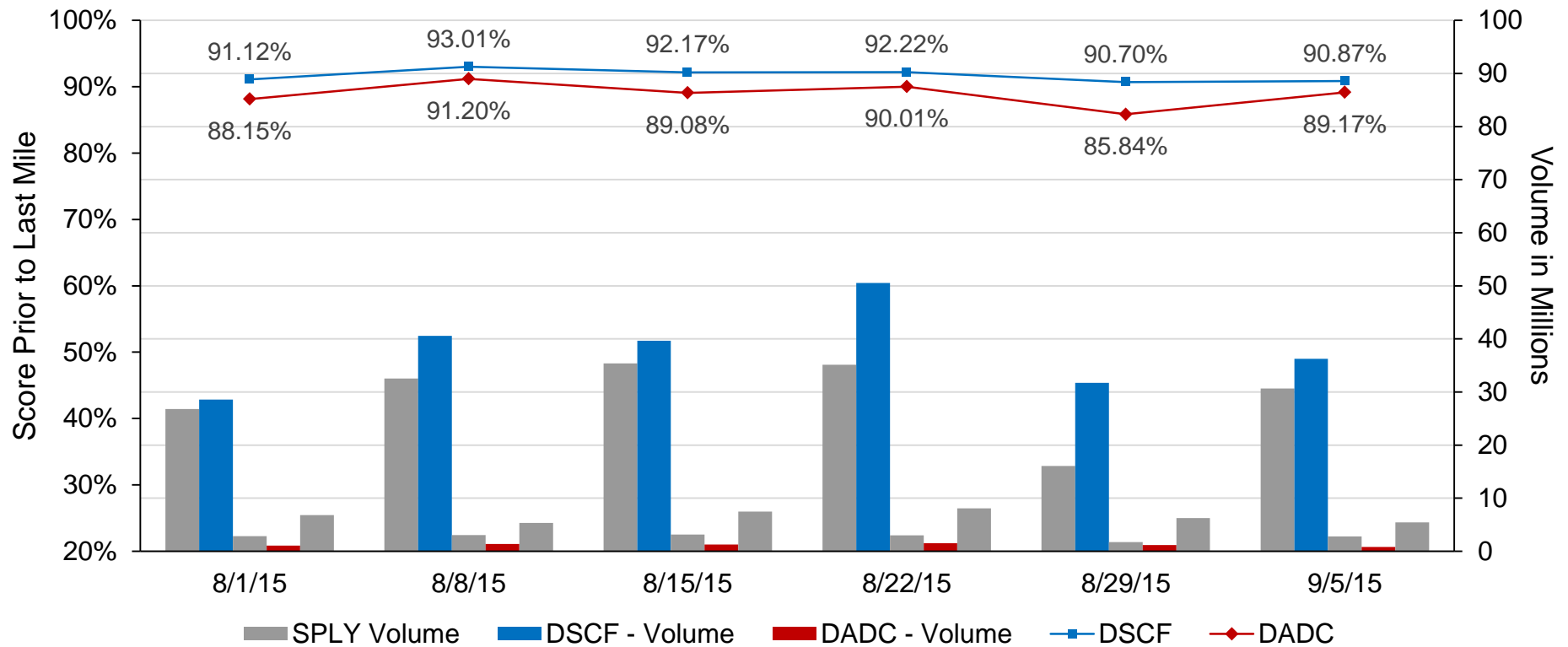
Q4 TD	Total Pieces Measured	SPLY Pieces Measured	Volume Change
SCF Flats	397,443,819	310,275,093	28.10%
ADC Flats	12,007,105	30,010,086	-60.00%
Total	494,481,608	410,433,966	20.50%

Labor Day Holiday Weekend Takeaways

Labor Day Weekend Takeaways

❑ **Wednesday morning Priority and FCM SPRS delays**
   ❑ Reduction of Priority rollover to SPLY
   ❑ Air Network Special Sort achieved 76% utilization
   ❑ Engage our FCM and Priority Customers to advance on Saturday, Sunday and Monday

❑ **Improved Communication**
   ❑ Require certification that scheduled MDOs understand plans

❑ **Readiness for Weekend Network Conditions Telecons**
   ❑ IPS representative prepared to discuss all issues and conditions
   ❑ Daily report-out on Standard on-hand volumes starting a week prior to Columbus Day weekend

1. **FAST questions email at _FAST@usps.gov_**

2. **FAST, eInduction, or CSA issues Call FAST Help Desk at 1-877-569-6614,**
   - Option 2 during normal hours Mon-Fri 7:00am-7:00pm, central time
   - Option 7 after normal hours, weekends, or holidays for after hours support

3. **Local Facility Drop Shipment Issues**
   - Call facility coordinator in FAST Facility Profile page
   - Call 24 hour facility number in FAST Facility Profile page
   - Call FAST Help Desk at 1-877-569-6614, option 2 normal hours, and option 7 after hours

4. **Weekend and Holiday escalation for local contact issues**
   - Procedures listed in # 3 first
   - If no response, escalate to MTSC Help Desk at 405-573-2402 for facility contact information

Mail Transport Equipment (MTE)

MTE

- **MTE Label Holder ordering is now available in MTEOR**

- **USPS purchased $85M in New Buys for FY 2015**
  - **Plastic Pallets, Plastic Trays, Plastic Flat Tubs and Sleeves**
  - **Quarter 4 purchases still being received through September**

- **MTE Inventory is available to meet fall demand**
  - **3.9 Million EMM Trays & Sleeves**
  - **2.3 Million MM Trays & Sleeves**
  - **1.5 Million Half-Trays & Sleeves**
  - **2.0 Million Pallets**
  - **2.7 Million Flat Tubs**

MTE: 6.3M Pieces of MTE Ordered for PQ I of FY16

MTE Type	October	November	December	Total
Pallets	0	0	0	0
EMM Trays	91,392	569,856	338,688	999,936
Half Trays	0	0	0	0
MM Trays	513,240	393,120	425,880	1,332,240
EMM Sleeves	504,000	336,000	336,000	1,176,000
Half Sleeves	0	0	0	0
MM Sleeves	607,500	270,000	303,750	1,181,250
Flat Tubs	549,360	45,360	25,200	619,920
#1 Sacks	500,000	300,000	200,000	1,000,000
Total	2,765,492	1,914,336	1,629,518	6,309,346

Quantities are provided in pieces.

MTE is Ready for Fall & Peak Seasons

MTE: How Industry Partners Can Help

- **MTEOR weekly inventory**

- **Place equipment orders just-in-time based on production**

- **Never store MTE outside**

- **Maintain equipment within postal supply chain**

- **Report misuse of MTE**

MTE

Use MTE underline for mail transport not for private business use.

Mail Transport Equipment (MTE)
Theft or misuse of USPS equipment is a federal crime.
Penalties of up to 3 years in prison and a fine.

Letter Trays   Plastic Pallets   Wood Slat Pallets

Presswood Pallets   Flat Tubs   Tray Sleeves

Got it? RETURN IT!

Got MTE you don't need? Send it to the Mail Transport Equipment
Service Center (MTESC). Report all unauthorized use of MTE
to the MTE Hotline at 866–330–3404 or email *hqmte@usps.gov.*

Key 2015 Election Dates

October Election Dates:

- **October 6**
  - Albuquerque, NM - City Council
  - Durham, NC - Mayor & City Council (Primary)
  - Greensboro, NC - Mayor & City Council (Primary)
  - Raleigh, NC - Mayor & City Council
  - Massachusetts State Senate Second Plymouth & Bristol District (primary)

- **October 8**
  - Memphis, TN- Mayor & City Council

- **October 16**
  - Washington Legislative, Judicial and Municipal ballots mailed out

- **October 20**
  - South Carolina State Senate District 45

- **October 24**
  - Louisiana Gubernatorial and other Statewide Office

November Election Dates:

- **November 3**
  - Kentucky and Mississippi Gubernatorial and other Statewide Office

  - Virginia Legislature

  - New Jersey General Assembly

  - Washington Legislature, Judicial and Municipal
    - Seattle, WA - City Council

  - Ballot Initiatives – Statewide
    - Colorado
    - Maine
    - Mississippi
    - Ohio
    - Texas
    - Washington

November Election Dates:

- **November 3 - Municipal**
  - Aurora, CO - Mayor & City Council
  - Boise, ID - Mayor & City Council
  - Boston, MA - City Council
  - Buffalo, NY - City Council
  - Charlotte, NC - Mayor & City Council
  - Columbus, OH - Mayor & City Council
  - Cleveland, OH - City Council
  - Durham, NC - Mayor & City Council
  - Fort Wayne, IN - Mayor & City Council
  - Greensboro, NC - Mayor & City Council
  - Houston, TX - Mayor & City Council
  - Hialeah, FL - City Council (Primary)
  - Indianapolis, IN - Mayor & City Council
  - Miami, FL - City Council
  - Orlando, FL - Mayor & City Council
  - Philadelphia, PA- Mayor & City Council
  - Pittsburgh, PA - City Council
  - Raleigh, NC - Mayor & City Council (Runoff)
  - San Francisco, CA- Mayor & City Council
  - Seattle, WA - City Council
  - St. Paul, MN - City Council
  - St. Petersburg, FL - City Council
  - Toledo, OH - Mayor & City Council
  - Tucson, AZ - Mayor & City Council

November Election Dates:

- **November 10**
  - Miami, FL - City Council (Runoff)
- **November 17**
  - Hialeah, FL - City Council
- **November 19**
  - Memphis, TN - City Council (Runoff)

December Election Dates:

- **December 1**
  - Orlando, FL - Mayor & City Council (Runoff)
- **December 12**
  - Houston, TX - Mayor & City Council (Runoff)

Moving Forward:

Fall Mailing Season
To
Peak Season

- **Daily Network and Mail Condition Teleconferences**
  - Immediate adjustments to Run Plans, Equipment and Facility allocations based on each morning's mail inventories
  - Additional Air and Surface Transportation launched

- **Non-Widely Observed Holidays**
  - Columbus Day: Monday October 12th
  - Veterans Day: Wednesday November 11th
  - HQ, Area Leadership status calls throughout the weekend
  - HQ staff deploy to 10 key sites across the country

- **Kaizen Teams**

  - Identify and implement "quick win" solutions while leveraging "lean" Quality principles

  - Providing rapid response to mail conditions/service issues

  - Field conducting 27 Kaizen events to improve WIP Cycle Time

  - Kaizen events for 1 Newspaper publications by Oct 12th

Communications with Industry

- **USPS contingency planning for severe weather, disasters, or national security events, includes establishing communication plans for:**
  - Proactively notify customers of potential or real service impacts
  - Provide timely information as service is impacted via USPS Service Alerts
  - Escalation of issues to HQ BCSS and Operations, when warranted.

- **Contingency plans are established according to:**
  - FEMA – Incident Command System protocols,
  - Prepared at Post Office, District, Area, and Headquarters levels,
  - Collaboration between cross-functional USPS teams,
  - Push all information from the lowest level upward to HQs via the Area.

- **Information communicated via :**
  - USPS Service Alerts posted online daily,
  - Industry and Service Alerts via email,
  - BSN phone calls/ emails to impacted local and national customers,
  - Media releases,
  - Others: hard-copy phone lists, phone trees, social media, toll free numbers, and text messages (as needed).

- USPS Service Alerts are posted to http://about.usps.com/news/service-alerts/welcome.htm. There is also a link on RIBBS at ribbs.usps.gov
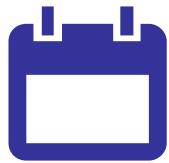
USPS Commitment

Commitment

⚙️ **Sufficient capacity in our networks**

📅 **Peak days/weeks identified and resource plans in place**

☂️ **Comprehensive contingency planning (weather impacts)**

🕐 **Timely dispatches from our processing facilities**

🤝 **Industry partnership/communication**

- 124 automated package and bundle sorters expanded since last Fall mailing season
- 5,488 additional separations added to the fleet
- An average of 44 per machine
- 21 Small Package/Bundle Sorter Systems
- Expanded access to the network
- FAST Appointments extended
- Activated 187 Hubs
- Mobile Delivery Device deployment complete Sept. 2015
- New data analysis tools and reports (SPD)
- Lean Mail Processing implemented in every plant
- Lean Mail Delivery – phase 1 implemented in every unit
- Leverage Local Operations Centers

Next Calls

- **Next Fall Mailing Season Webinars**
  - Friday, October 23 from 1:00 PM – 3:00 PM EDT
  - Friday, November 20 from 1:00 PM – 2:00 PM EDT

- **Wrap-up**